

Report of the Lawyer Regulation System Fiscal Year 2004 – 2005

Overdraft Notification Program

The Overdraft Notification Rule [SCR 20:1.15(h), *formerly SCR 20:1.15(i) – (p)*] went into effect on January 1, 1999. That rule requires attorneys to authorize their financial institutions to notify the Office of Lawyer Regulation of overdrafts on their client trust accounts and fiduciary accounts. Information regarding the trust account overdraft program is available from the Office of Lawyer Regulation web page [www.wicourts.gov/olr].

During Fiscal Year 2005, 104 overdrafts were reported to the OLR, 28 less than the previous fiscal year. Overdraft notifications have resulted in the following dispositions during this year:

Five Month Suspension ¹	1
Temporary Suspension for Non-Cooperation ²	1
Diversion	15
Dismissal after Diversion Program Successfully Completed	12
Dismissal after Investigation	8
Dismissal after Investigation/Advisory Letter	37
Closed without Investigation – Collection Account Exception	2
Closed without Investigation – Real Estate Exception/Advisory Letter	1
Closed without Investigation – Bank Errors	19
Closed without Investigation – Bank Errors/Advisory Letter	3
Closed Pending Reinstatement Proceedings	1

The advisory letters sent during Fiscal 2005, some of which included more than one advisory, related to the following issues and record keeping deficiencies:

Availability of Funds for Disbursement	12
Bank Procedures – Delays in Posting Transactions	3
Maintenance Account (to cover bank charges)	4
Deposit Slip Errors	1
Lack of Proper Endorsement	6
Check Drafting Errors	0
Signatory Authority on Trust Accounts	2
Failure to Maintain Canceled Checks	10
Failure to Confirm Wire Transfers	0

(Continued)

¹ Included condition of 2 years of trust account supervision following reinstatement.

² Due to database error, this suspension was not included in FY 2004 Annual Report. It is included here to address that omission.

Transaction Register/Subsidiary Ledger Deficiencies	36
Check Stubs – Inadequacy as a Transaction Register	4
Computer Software Deficiencies	2
Commingling	2
Prohibition against Electronic Transactions (Credit Card/Telephone/Internet)	3
Other	6

OLR staff presented two, ½-day seminars on trust account management in conjunction with diversions (October 29, 2004 and April 29, 2005). Trust account management was also one of the topics covered at OLR’s Professionalism Seminar (another Diversion Program) on November 5, 2004.

In addition, OLR’s Trust Account Program Administrator presented a number of CLE programs regarding the new trust account rule. The following is a list of those presentations:

Date	Presented to:	Location
7/28/2004	State Bar (<i>Webcast</i>) ³	Madison
8/6/2004	State Bar Family Law Section	Door County
9/14/2004	Sauk County Bar Association	Baraboo
9/21/2004	Dane County Bar Association	Madison
10/6/2004	Dodge County Bar Association	Beaver Dam
10/27/2004	University of Wisconsin Law School	Madison
11/15/2004	Racine County Bar Association	Racine
3/30/2005	University of Wisconsin Law School	Madison

Finally, during the year, OLR’s Director and Trust Account Program Administrator worked with the Bar in drafting proposed amendments to the new trust account rule.

³ Dean R. Dietrich (Ruder Ware) was a co-presenter at this seminar.